

Stakeholders find lots to like in Ontario Economic Outlook

Don Wall November 8, 2023

Ontario construction stakeholders are praising new infrastructure initiatives announced by Finance Minister Peter Bethlenfalvy Nov. 2, especially the proposed launch of a new Ontario Infrastructure Bank.

They also welcomed a housing-enabling water infrastructure fund that will deliver \$200 million over three years, but expressed concern over an upcoming economic “rough patch” forecast by Bethlenfalvy against the backdrop of a higher deficit.

The infrastructure plans were part of the Doug Ford government’s 2023 Ontario Economic Outlook and Fiscal Review tabled in the Ontario legislature.

The new Infrastructure bank “will help create new employment opportunities for skilled trades workers,” said Marc Arsenault, business manager of the Ontario Building Trades Council.

“Such a bank can be an excellent catalyst for the construction of new housing, roads and energy infrastructure to support our growing population.”

Residential Construction Council of Ontario president Richard Lyall commented the bank is “welcome news as it will enable public-sector pension plans and other investors to put money into large-scale public infrastructure projects across the province, including affordable housing.”

The initial seed funding of the bank would be \$3 billion. In contrast, the Canada Infrastructure Bank was allotted \$35 billion when it was launched in 2017.

Ian Cunningham, president of the Council of Ontario Construction Associations, also noted, “This will likely take years to become fully operational.”

The finance minister told the legislature the infrastructure bank would leverage investments by public-sector pension plans and other Canadian institutional investors.

The Ontario Teachers’ Pension Plan and Ontario Municipal Employees Retirement System (OMERS) responded with statements.

“As a pension plan providing retirement security for 336,000 working and retired teachers in Ontario, we invest in global markets to provide the diversification and long-term performance to ensure that the plan remains fully funded. We welcome opportunities to add to our \$25-billion investment portfolio in Ontario,” said the Teachers’ statement.

OMERS listed its Ontario investments in Bruce Power, Beanfield and NextBridge and added, “We have a very significant investment footprint in Ontario which means that, every year, OMERS investments and operations support \$5 billion of GDP and more than 40,000 jobs across the province.”

Both statements indicated their executives welcome opportunities to discuss new projects with the government.

LIUNA International vice-president Joseph Mancinelli stated the infrastructure bank will get shovels in the ground to build critical infrastructure and create jobs and also noted progress on pensions, with a government commitment to move forward with a permanent framework for multi-employer pension plans.

“A principles-based framework will allow multi-employer pension plans to continue to provide valuable and stable retirement benefits to a large number of unionized Ontarians,” he said.

Arsenault also acknowledged the pension plan commitment, promising to contribute to future discussions and commenting, “The Building Trades recognize that much work still needs to be done to make proposed legislation suitable for Ontario’s skilled trades workforce.”

Ontario Sewer and Watermain Construction Association executive director Patrick McManus stated the largest barrier impeding the housing supply chain was getting water, sewer and stormwater infrastructure built.

“The commitment to provide municipalities with \$200 million to build housing-enabling infrastructure will help to alleviate the financial burden they have been facing in recovering from the pandemic, while also trying to meet the demand for growth,” he said.

Residential and Civil Construction Alliance of Ontario executive director Nadia Todorova highlighted renewed government commitments to two highway projects, the Bradford Bypass and Highway 413, as “very welcomed news.”

She added, “On the housing file, we are pleased to see the province remove HST from construction of new purpose-built rentals. As RCCAO’s research has indicated, the high-tax burden across all three levels of government is worsening Ontario’s housing crisis.”

Cunningham also addressed the government’s new fiscal reality, which includes a deficit projection of \$5.6 billion this year, up \$4.3 billion from the outlook published in the 2023 Budget.

“Job gains have weakened; the path to balance has been kicked down the road,” he noted.

The government's economic forecast is "directionally realistic and we're in for a rough patch," Cunningham added. "But considering these circumstances, the industry did pretty well."

Skills Ontario CEO Ian Howcroft singled out the inclusion of a \$5.4-million investment into the Skills Ontario Trades and Tech Truck Program in the economic statement as supportive of the skilled trades.

He noted the finance minister's statement also contained updates on the Skills Development Fund, including \$160 million allotted to a fourth round of investments of employment training programs for people on social assistance.

Ontario General Contractors Association president Giovanni Cautillo identified the government's renewed \$185-billion, 10-year capital spending plan as a highlight of the financial plan.

The 10-year focus "provides the construction industry with a long-term perspective and communicates to the general public that infrastructure remains the main source of revitalizing the economy and a sector to obtain a good paying and satisfying career," stated Cautillo.

Meanwhile, Karen Renkema, Progressive Contractors Association Ontario vice-president, issued a plea for open bidding on government projects.

"PCA believes that any investments through the new Ontario Infrastructure Bank should only be used for construction projects that tender the construction work through competitive processes, where all qualified contractors can compete for the work," she said.

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